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EX PARTE OR LATE FILED

April 8, 1998

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APR - 8 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Magalie Roman Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

Re: Notification of *Ex Parte* Submission  
CC Docket No. 96-45

Dear Ms. Salas:

During a March 3, 1998 meeting with Tejal Mehta, Wireless Telecommunications Bureau, David H. Krech, Wireless Telecommunications Bureau and Lori E. Wright, Common Carrier Bureau, Mr. Paul H. Kuzia, Executive Vice President, Technology and Regulatory Affairs, Arch Communications Group, Inc. ("Arch") was asked to supply the attached information explaining Arch's approach to separating interstate from intrastate revenue for purposes of completing the Form 457 Universal Service Worksheet. A Notification of Ex Parte Meeting was previously filed regarding this March 3, 1998 meeting (copy attached).

Please contact the undersigned at (202) 783-4141 should you have any questions or require additional information concerning this matter.

Sincerely,

WILKINSON, BARKER, KNAUER & QUINN, LLP

by: Kathryn A. Zachem

cc: Tejal Mehta (hand delivered, w/attachment)  
David H. Krech (hand delivered, w/attachment)  
Lori E. Wright (hand delivered, w/attachment)  
Parties Listed on the Attached Certificate of Service

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# **Universal Service**

**Re: Universal Service - - Separating Interstate from Intrastate Revenues**

## **I. ARCH COMMUNICATIONS GROUP, INC.**

- Arch is comprised of more than 25 different companies, eighteen of which hold FCC authorizations and provide paging service.
- Arch provides one-way alpha-numeric paging on a local, regional and nationwide basis. Arch does not provide two-way service.
- Arch does not have the technical capability to track pages originating on its system and therefore can not technically differentiate between local pages, which originate and terminate in the same state, from regional or nationwide pages.
- Once ANI software is readily available, and Arch has the economic means to upgrade its terminals with SS7 technology, Arch will be able to track where a page is originated but will still be unable to determine where the page terminates.
- These technical limitations preclude Arch from easily determining what percentage of its telecommunications revenue is attributable to interstate usage and which is attributable to local.

## **II. SEPARATING INTERSTATE FROM INTRASTATE REVENUE TO COMPLETE THE FORM 457 UNIVERSAL SERVICE WORKSHEET**

- Revenue data for the 15 Arch subsidiaries providing paging service is reported on a market by market basis; therefore, Arch reviewed the market-based revenue data for each of the 15 companies providing paging service and made the following assumptions before completing the Form 457 Universal Service Worksheet:
  - ▶ although Arch offers nationwide service, Arch never assumed that 100% of an entity's revenue was interstate; rather, Arch assumed that each entity offers a mix of local, regional and nationwide service. Therefore, Arch compartmentalized each entity's revenue on a sliding scale.
  - ▶ in those cases where a subsidiary provided service in a market encompassing or overlapping more than two states (referred to as "border areas"), Arch assumed a certain flat percentage of the entity's revenue was interstate;
  - ▶ in those cases where a subsidiary provided service in a market encompassing or overlapping just one or two states, Arch assumed a smaller percentage of the

entity's revenue was attributable to interstate service;

- ▶ in those cases where a subsidiary provided service in a market encompassing just one state, Arch assumed most revenue was intrastate, except a small percentage generated by that company providing a nationwide service.
- Of the 15 Arch subsidiaries providing paging service, there are approximately 1/3 that provide service in markets encompassing/overlapping more than two states; 1/3 provide service in markets encompassing/overlapping one to two states; and 1/3 provide service in a market encompassing just one state.
- Arch created a spreadsheet reflecting both includable and excludable revenue (per the instructions on the Form 457 Universal Service Worksheet) for each of the 15 subsidiaries providing paging service. It then applied the relevant interstate revenue percentage figures to each entity's includable revenue figures.
- Arch completed a Form 457 Universal Service Worksheet for each of its subsidiaries after completing this process.

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March 3, 1998

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MAR 3 - 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Notification of *Ex Parte* Meeting  
CC Docket No. 96-45

Dear Ms. Salas:

Mr. Paul H. Kuzia, Executive Vice President, Technology and Regulatory Affairs, Arch Communications Group, Inc. ("Arch"), Carolyn W. Groves and the undersigned, both on behalf of Arch, met with Tejal Mehta, Wireless Telecommunications Bureau, David H. Krech, Wireless Telecommunications Bureau and Lori E. Wright, Common Carrier Bureau, on Tuesday, March 3, 1998 to discuss Arch's approach to separating interstate from intrastate revenue for purposes of completing the Form 457 Universal Service Worksheet.

Please contact the undersigned at (202) 783-4141 should you have any questions or require additional information concerning this matter.

Sincerely,

WILKINSON, BARKER, KNAUER & QUINN, LLP

by: Kathryn A. Zachem

cc: Paul H. Kuzia

### **CERTIFICATE OF SERVICE**

I, Joy M. Taylor, hereby certify that on this 8th day of April, 1998, copies of the foregoing Notification of Ex Parte Communication were mailed, postage prepaid, to the following:

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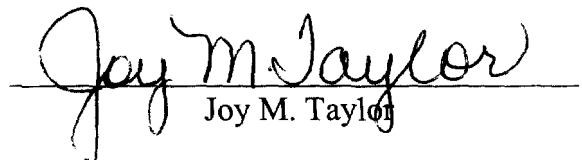
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